



City of San Marcos

630 East Hopkins
San Marcos, TX 78666

Meeting Minutes City Council

Tuesday, August 6, 2019

3:00 PM

City Council Chambers

630 E. Hopkins - Work Session

I. Call To Order

With a quorum present, the work session meeting of the San Marcos City Council was called to order by Mayor Hughson at 3:03 p.m. Tuesday, August 6, 2019 in the City Council Chambers, 630 E. Hopkins, San Marcos, Texas 78666.

II. Roll Call

Council Member Marquez arrived after roll call at 3:07 p.m

Present: 7 - Mayor Pro Tem Lisa Prewitt, Council Member Saul Gonzales, Council Member Melissa Derrick, Mayor Jane Hughson, Council Member Ed Mihalkanin, Council Member Joca Marquez and Council Member Mark Rockeymoore

1. Receive a Staff presentation and hold discussion regarding the City's Economic Development Policy, the various elements associated with the current the Economic Development process, and the various components that go into a successful economic development program, and provide direction to Staff.

Bert Lumbreras, City Manager, provided a brief update of the item and introduced Adriana Cruz, President of the Greater San Marcos Partnership (GSMP).

Ms. Cruz provided the presentation that outlined the definition of Economic Development:

- ☐ **Process by which new dollars come into a local economy through “primary sector” employers**
 - **Primary Sector = Companies whose products/services are sold in statewide, national or international markets**
 - **Example: CFAN, Mensor sell products across the country/state (outside of San Marcos)**
- ☐ **Creates economic diversity that sustains the local economy through business cycles**
- ☐ **GOAL = to increase the per capita income of local residents**

The Greater San Marcos Partnership is the city's agent for economic

development. Their mission is to be a force for positive economic change by attracting and growing quality jobs and investment. Their team consists of 8 experienced economic development professionals. Their annual program of work is based on a research-based 5 year strategy called Vision2020.

Ms. Cruz went into detail about Vision 2020: 5 year Economic Development Strategy (2016-2020)

- **Marketing & Promotion:** Promote San Marcos as a great place to do business
- **Workforce Development:** Work with Workforce Development providers, higher education institutions, school districts to ensure residents have the skills needed for good jobs
- **Quality Jobs:** Attract quality jobs to the community by retaining and expanding existing companies, attracting new companies, and small business
- **Quality of Place:** Support infrastructure, beautification efforts and maintaining an attractive location through 6 quality and sustainable growth

The Target Industries for Vision 2020 include the following:

- ☐ **Aerospace, Aviation, Security & Defense**
- ☐ **Business Services and Support**
- ☐ **Material Science**
- ☐ **Information Technology**
- ☐ **Life Sciences**
- ☐ **Regional Distribution**
- ☐ **Destination Attractions**

There is a “Hierarchy of Needs” in the development process which include: Incentives, Amenities/Quality of Life, Real Estate/Site, Talent, and Infrastructure

Steve Parker, Assistant City Manager, went into detail regarding economic incentives and the incentive tools used to attract companies.

Some common incentives include:

- ☐ **Chapter 312 Tax Abatements-** a portion of property taxes are waived for a period not to exceed 10 years
- ☐ **Chapter 380 -** written agreement that rebates sales tax and/or property tax back to businesses based on a level of investment or a schedule of additional payroll/jobs from the city
- ☐ **Chapter 381 -** written agreement that rebates sales tax or property tax back to businesses based on a level of investment or a schedule of additional payroll/jobs from the county

☐ **Chapter 313** - creates a state program for certain large businesses to limit the appraised value on their property for the purposes of local Texas public school district property taxes.

☐ **Opportunity Zones**- The Opportunity Zones incentive is a new community investment tool established by Congress in the Tax Cuts and Jobs Act of 2017 to encourage long-term investments in low-income urban and rural communities nationwide. Opportunity Zones provide a tax benefit for investors to re-invest their unrealized capital gains into dedicated Opportunity Funds

☐ **In 1979** the State Legislature passed the “economic development sales tax”, allowing smaller cities to adopt a sales tax to fund economic development corporations.

☐ **4A Sales Tax** - created to fund industrial development project such as business infrastructure, manufacturing and R&D

☐ **4B Sales Tax** - created to fund Type A eligible projects as well as parks, museums, sports facilities and affordable housing

☐ **Local sales tax** can not exceed 2%.

☐ **In 1987**, San Marcos voters approved a ½ cent sales tax for property tax reduction for both the city and the county, thus taking San Marcos to the 2% cap.

☐ **San Marcos** is not eligible for the 4A/4B ED sales tax.

Chapter 380's are the primary tool that the City of San Marcos uses. The City of San Marcos Economic Development Supplemental Fund was created to simulate 4A/4B funding.

Mr. Parker provided the incentive tools used by other cities within the State. He then discussed the Economic Development policy process, when it was developed, and how projects are scored and reviewed.

The Criteria is measured by the following:

☐ **Economic impact analysis** which evaluates jobs and economic activity associated with project

☐ **Interviews and individual research** associated with the firm

☐ **Number and percentage of jobs** earning a family living wage plus benefits

☐ **Average/median wages** compared to county average

☐ **Estimate of percentage of hiring** locally

☐ **Third party reports, legal actions/judgments** regarding firm

Mr. Lumbreras continued with the presentation and spoke on the Economic Development Position that is being created. This position will have the following responsibilities:

ECONOMIC DEVELOPMENT RESPONSIBILITIES

- Serve as the City's agent, in conjunction with GSMP, to seek best projects that meet our economic development goals and our community values
- Follow clear protocols meeting Council expectations around insuring we have identified pros and cons and background of the company
- Conduct financial and city cost benefit analysis on each project
- Coordination of city staff during contract negotiations and entitlement process
- Facilitate approved projects through the development process
- Work in unison with current successful efforts provided by GSMP in recruiting and delivering projects to the City

BUSINESS DEVELOPMENT RESPONSIBILITIES

- Support local established businesses to be successful in our community
- Administer possible new program that would focus around long-standing local businesses
- Augment GSMP BRE efforts to coordinate with available partners around employee recruitment, training, entrepreneurship and other needs
- City Liaison for new firms wanting to establish their business in San Marcos and support them through the process

WORK FORCE DEVELOPMENT RESPONSIBILITIES

- Work with GSMP on Workforce Development issues
- Assist with the City's Strategic Initiative regarding Workforce Development and work with partners and businesses
- Goals of will be determined by the San Marcos City Council

Mr. Lumbreras spoke on the Economic Development Policy and stated it is a sound and objective policy, but needs, but needs to be updated. There are potential additions that can be included in the scoring criteria which include sustainability and green building practices, hourly rate, extraordinary impact for 500+ jobs and/or \$200M+ Capital Investment.

The Economic Development San Marcos Board met and provided the following recommendations to the policy:

- Supports the city's desire for good paying jobs that help improve the social economic welfare of the residents of San Marcos.
- Recommends a City Policy structure that will promote incentives for both new small and large businesses, as well as a structure to incentivize our existing businesses for retention and expansion. Policy should not

create a competitive disadvantage for San Marcos.

- Recommends leaving the defined family living wage at \$15/hour but adding more points for companies that will pay a certain percentage above the average industry wage for that industry, in order to not exclude smaller or local firms. The policy and criteria will be developed in more detail.
- Supports extra points for Green Building/Sustainability
- Supports increasing the number of jobs and capital investment as bonus points for qualification for extraordinary consideration.

Council reviewed the recommendations to the Economic Development Scoring Matrix which include the following:

- Increasing the family living wage defined as at least \$15/hr and increasing to \$17.50/hr
- Currently Green Building standards are not considered as part of the scoring matrix, it is now recommended to be considered as part of the scoring matrix
- Current Policy for Extraordinary considerations is 200 jobs or more with \$50 million or more in capital investment. The proposed recommendations would increase this to 500 jobs with at least \$100 million or more in capital investment.

The current scoring policy includes:

- 1) Economic Fiscal impact
- 2) Link to local economy
- 3) Character of jobs
- 4) Infrastructure impact
- 5) Quality of life

The new policy recommendation is to add Green Building Standards to this list.

Consensus is to move forward with these recommendations and allow the Economic Development San Marcos Board, City Staff, and GSMP to continue working through the living wage proposed recommendation.

Council also asked that a discussion be held annually, can be done during visioning if needed, about where they want more efforts focused concerning Economic Development.

2. Receive Staff presentation of the one-year review of the Police Department's Chief's Advisory Panel, and provide direction to the City Manager.

Chase Stapp, Police Chief provided one-year review of the Police Department's

Chief's Advisory Panel. This panel was formed in August of 2018, the purpose was to achieve multiple goals:

- ☐ Build relationships to further enhance trust within the community
- ☐ Provide opportunities for members of the community to engage with and provide input to SMPD personnel
- ☐ Further enhance transparency by providing updates about departmental complaint processes
- ☐ Advance the department's goal of holding true to the recommendations of the President's Report on 21st Century Policing

Chief Stapp stated that the Code of Conduct, Employee Discipline, and Internal Investigations policies were reviewed.

The outcomes achieved include:

- ☐ Stronger relationships between department and community panel members.
- ☐ The discussions surrounding community issues have led to stronger relationships among the panel members.
- ☐ Enhanced transparency through discussions about employee complaints and how those are handled.
- ☐ Improved legitimacy
- ☐ The involvement of panel members in the development of new departmental policies increases the legitimacy of the police department and its personnel.
- ☐ Better community engagement
- ☐ Because of their involvement on the advisory panel, certain members have become more involved in the outreach efforts of the department.

Moving forward the committee will continue:

- ☐ Bi-monthly meetings
- ☐ Consider mid-year replacement of 2 members
- ☐ Continue policy review
- ☐ Continue internal affairs review at each meeting
- ☐ Share developments of both Hays County and San Marcos Criminal Justice Reform Committees
- ☐ Share contact information of panel members with the public
- ☐ Encourage community panel members to be involved in the 10 department's outreach programs

Council thanked Chief Stapp and the committee members for their efforts. Council requested the committee information be placed on the website. Staff will work on locating the best location and method to do this.

III. Adjournment.

A motion was made by Council Member Mihalkanin, seconded by Council Member Rockey Moore, to adjourn the Work Session Meeting of the City Council at 4:49 p.m. The motion carried by the following vote:

For: 7 - Mayor Pro Tem Prewitt, Council Member Gonzales, Council Member Derrick, Mayor Hughson, Council Member Mihalkanin, Council Member Marquez and Council Member Rockey Moore

Against: 0

Jamie Lee Case, TRMC, City Clerk

Jane Hughson, Mayor